

Fiscal Note

Fiscal Services Division



HF 2462 – Special School Funds (LSB 5541HV)
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Fiscal Note Version – New

Description

House File 2462 provides expansion of the uses of the regular Physical Plant and Equipment Levy (PPEL) funds. Specifically, this Bill provides that regular PPEL funds can be used for:

- The purchase or lease of computers or computer-related equipment and computer software without restrictions on cost.
- The funding of technical support services provided by a third party contractual agreement and technical support training of school district staff.
- The repair costs of any equipment purchased with PPEL funds.

Additionally, the Bill specifies that any unspent PPEL fund balance that is attributable to the regular PPEL may be used for the expanded uses. The Bill also requires, beginning in FY 2011, the regular PPEL and voter-approved PPEL funds be deposited in separate accounts within each district's PPEL Fund. Revenue received from the Secure an Advanced Vision for Education (SAVE) Fund is prohibited for the expanded uses provided in this Bill. Voter-approved PPEL funds are not allowed to be used for the expanded uses provided in this Bill.

Background

In FY 2010, 335 districts had regular PPEL revenues totaling approximately \$39.7 million. Additionally, preliminary FY 2009 Certified Annual Report (CAR) data indicate that 344 districts had a positive undesignated, unreserved PPEL Fund ending balance totaling \$108.2 million. Of that amount, LSA estimates that 318 districts would have a maximum total of \$39.8 available for the expanded purposes. The regular PPEL capacity is determined by applying the maximum tax rate (\$0.33/\$1,000 of taxable valuation) and subtracting the FY 2010 PPEL amount generated by the school districts. In FY 2010, the total remaining regular PPEL capacity totaled \$2.6 million. The following table provides FY 2010 regular PPEL data pertaining to the Bill.

FY 2010 Regular Physical Plant and Equipment Levy (PPEL) Amounts					
	Total Regular PPEL	Remaining PPEL Capacity for Districts with PPEL but Not at Maximum	PPEL Capacity for Districts with no Regular PPEL	Total Remaining Capacity Regular PPEL	Estimated Regular PPEL Fund Balance Avalable for Expanded Uses
Amount in Millions	\$ 39.7	\$ 0.3	\$ 2.3	\$ 2.6	\$ 39.8
Number of Districts	335	8	26	34	318
Percentage of Districts	92.8%	2.2%	7.2%	9.4%	88.1%

Assumptions

The maximum regular PPEL tax rate is \$0.33/\$1,000 of taxable valuation. In FY 2010, there were 327 school districts that levied the maximum PPEL amount. Use of the regular PPEL is approved by each local school board. Although there are 26 districts that currently do not have the regular PPEL and there are eight districts that currently are not levying the regular PPEL to the full capacity, it is unknown if the expanded use of the regular PPEL will result in an increase the total regular PPEL in future years.

The statewide taxable valuation growth is estimated at 3.9% for FY 2011.

Fiscal Impact

There is no impact to the State General Fund.

Although there is no regular PPEL levy rate increase as a result of this Bill, providing for the expanded use of regular PPEL funds may result in an increase in the total amount of regular PPEL. Although the amount is unknown, it is not expected to exceed the remaining regular PPEL capacity of \$2.7 million in FY 2011.

Sources

Department of Management, School Aid file
Department of Education, FY 2009 Certified Annual Report (preliminary)
LSA calculations and analysis

/s/ Holly M. Lyons

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
